## Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

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ANNE TITUS HILBY
PRESS SECRETARY
PHONE: (602) 542-8019
CELL PHONE: (602) 725-2200

ANNE.HILBY@AZAG.GOV

## **Scottsdale Man Sentenced to Prison for Defrauding Seniors**

(Phoenix, Ariz. – Nov. 26, 2008) Attorney General Terry Goddard today announced that Hayden Holland, 47, of Scottsdale, has been sentenced to six-and-a-half years in prison, followed by seven years of probation, and ordered to pay \$7.8 million in restitution.

Last January, Holland pleaded guilty to two counts of fraud, a Class 2 felony, and two counts of securities fraud, a Class 4 felony, relating to a securities scheme he ran which defrauded some 70 elderly investors of more than \$7 million.

According to court documents, Holland was a principal in two Arizona entities, Scottsdale Financial Funding and Martin & Griffin, LLC. Holland and his co-defendants convinced senior citizens to invest in these businesses, claiming that the companies engaged in two revenue-generating programs – the "Non-Performing and Consumer Debt" program and the "Factoring and Accounts Receivable Management" program.

The defendants claimed that the companies made money primarily through factoring agreements, a process of selling accounts receivable in exchange for immediate cash. They guaranteed investors a monthly interest rate along with a return on principle at the end of a predetermined time period.

In fact, the invested money was used to perpetuate the investment scheme and fund other companies in which several defendants held financial interests. These other companies were unrelated to the factoring program described to investors and had a low probability of providing any return on the invested money.

Of the money invested, less than 20 percent came back into the company, and few investors received any of their guaranteed interest payments or return on principle.

Holland and the other defendants claimed the investments they solicited were secure and/or insured and appropriate for seniors. The principals allowed salesmen to aggressively promote the program to seniors through advertisements in senior publications and presentations in retirement communities.

According to court documents, these investments were not appropriate to sell to senior citizens. Furthermore, the salesmen were not registered to sell securities in Arizona nor did they register the investments as securities.

Three other co-defendants were sentenced earlier this year:

- **Gregory B. Gill**, 56, of Scottsdale, Holland's co-principal in the scheme, was sentenced to 20 years in prison, followed by seven years probation, and ordered to pay more than \$7.8 million in restitution.
- **Tad Ulrich**, 43, of Phoenix, the primary salesman for the enterprises, was sentenced to five years in prison, followed by four years probation, and ordered to pay \$4.3 million in restitution.
- Wallace Butterworth, 75, of Phoenix, a salesman for the enterprises, was sentenced to six months in jail, followed by four years probation, and \$728,000 in restitution.

The case was investigated by the Securities Division of the Arizona Corporation Commission and the Attorney General's Office. It was prosecuted in Maricopa County Superior Court by Assistant Attorneys General E. G. Noyes and Pamela Johnson.

For additional information, contact Anne Hilby at (602) 542-8019.

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